

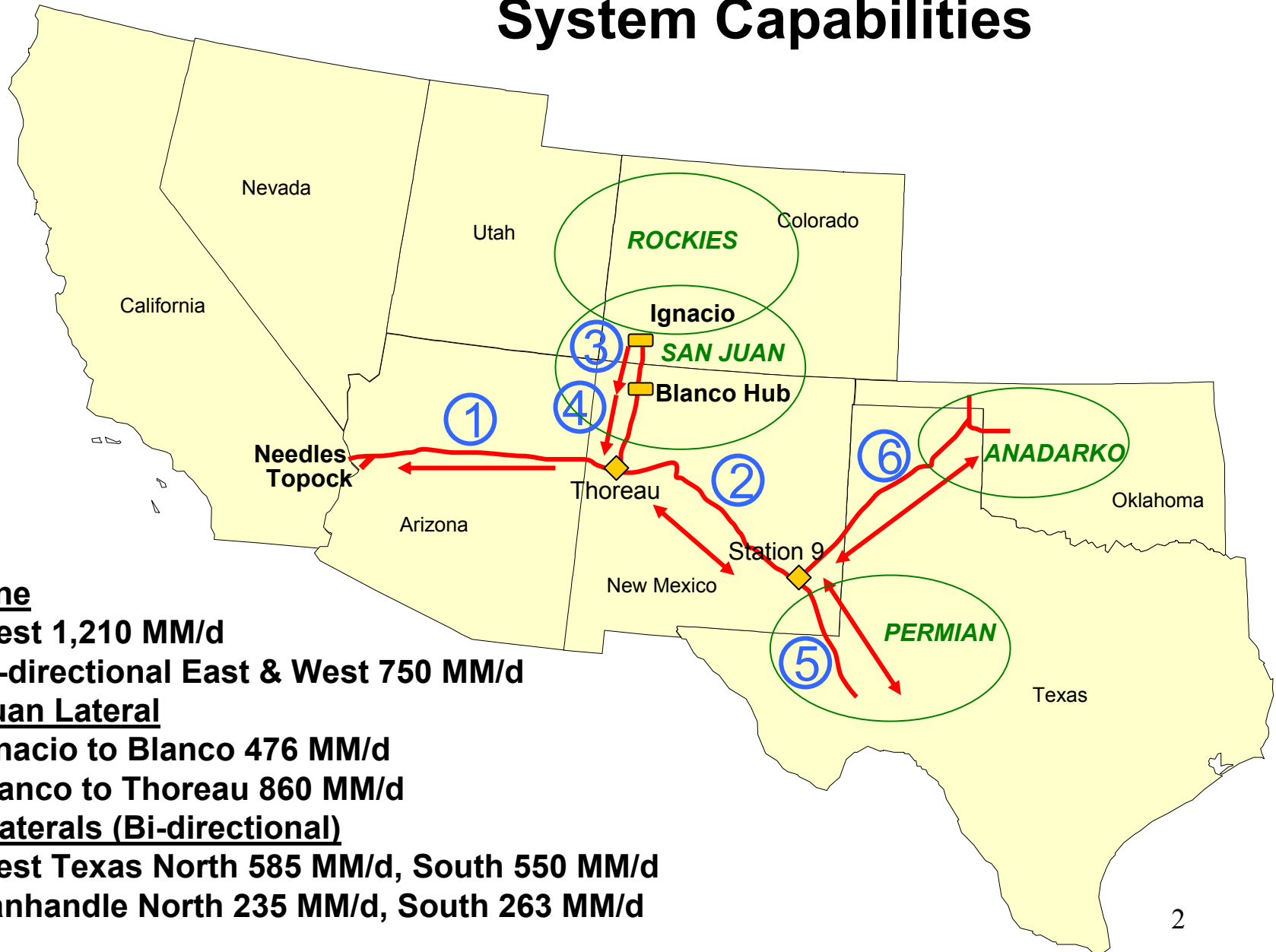
# **Natural Gas Market Outlook**

hosted by  
California Public Utilities Commission  
and  
California Energy Commission

**Transwestern Pipeline Company**  
**Shelley Corman**

December 9, 2003

# System Capabilities



## Mainline

1 West 1,210 MM/d

2 Bi-directional East & West 750 MM/d

## San Juan Lateral

3 Ignacio to Blanco 476 MM/d

4 Blanco to Thoreau 860 MM/d

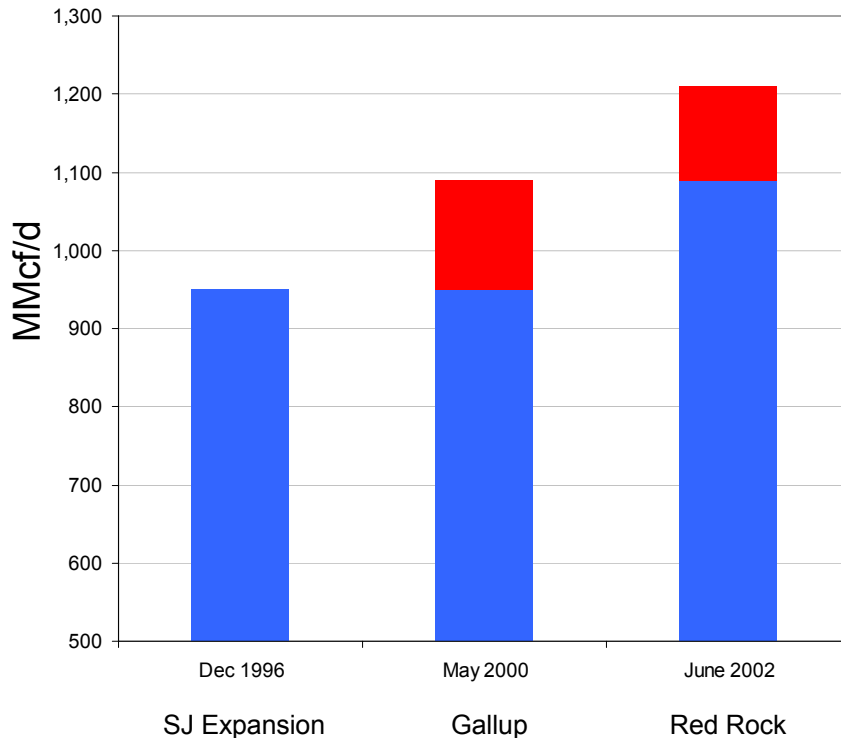
## East Laterals (Bi-directional)

5 West Texas North 585 MM/d, South 550 MM/d

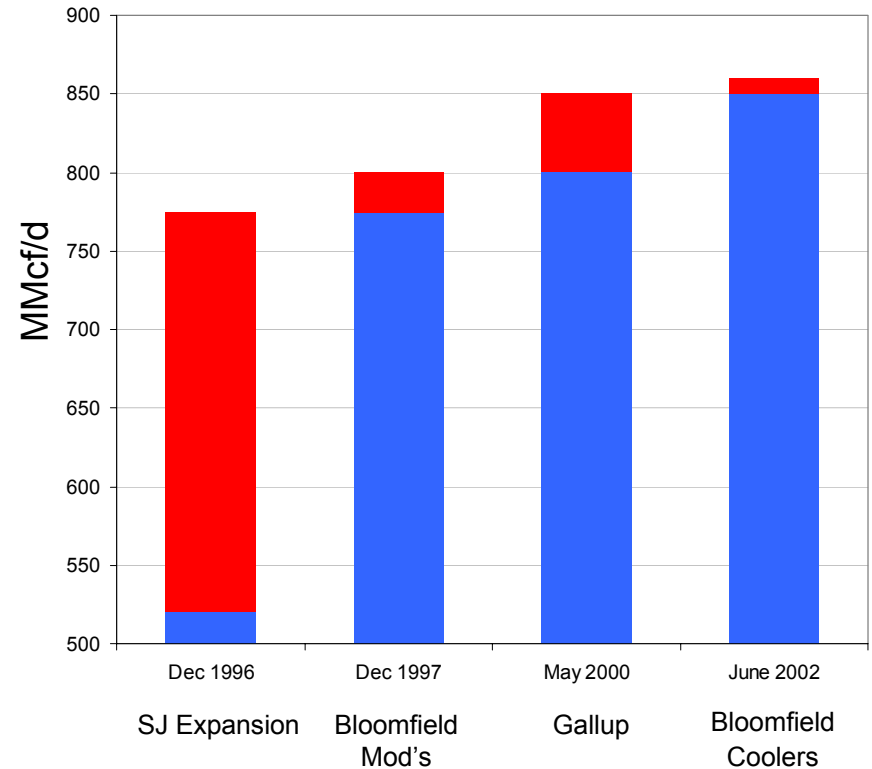
6 Panhandle North 235 MM/d, South 263 MM/d

# History of Expansion to Meet Market Needs & Attach Economic Supplies

## Mainline West



## San Juan Lateral



Existing



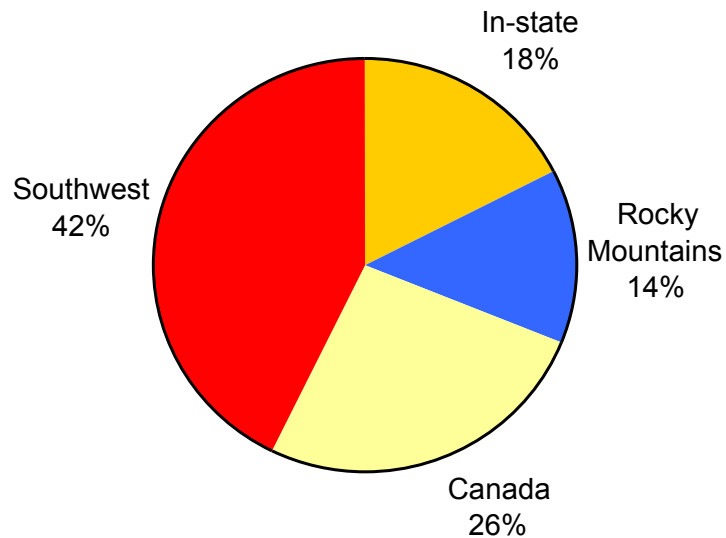
Expansion

# **Role of Transwestern Capacity in Support of California Gas Markets**

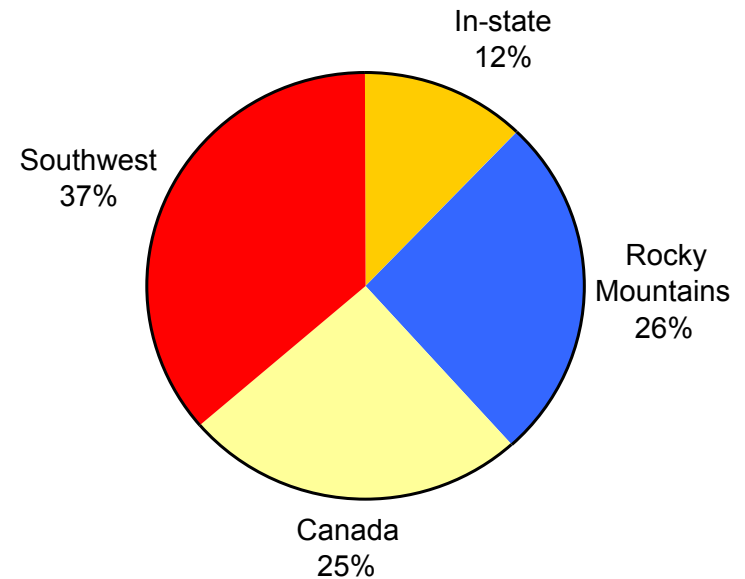
- Diversity of supply
- Economically attractive supply
- Stable reserve life of attached supplies
- Opportunity to serve alternate markets
- Expansions to add supply & attach new markets

# California Supply Sources

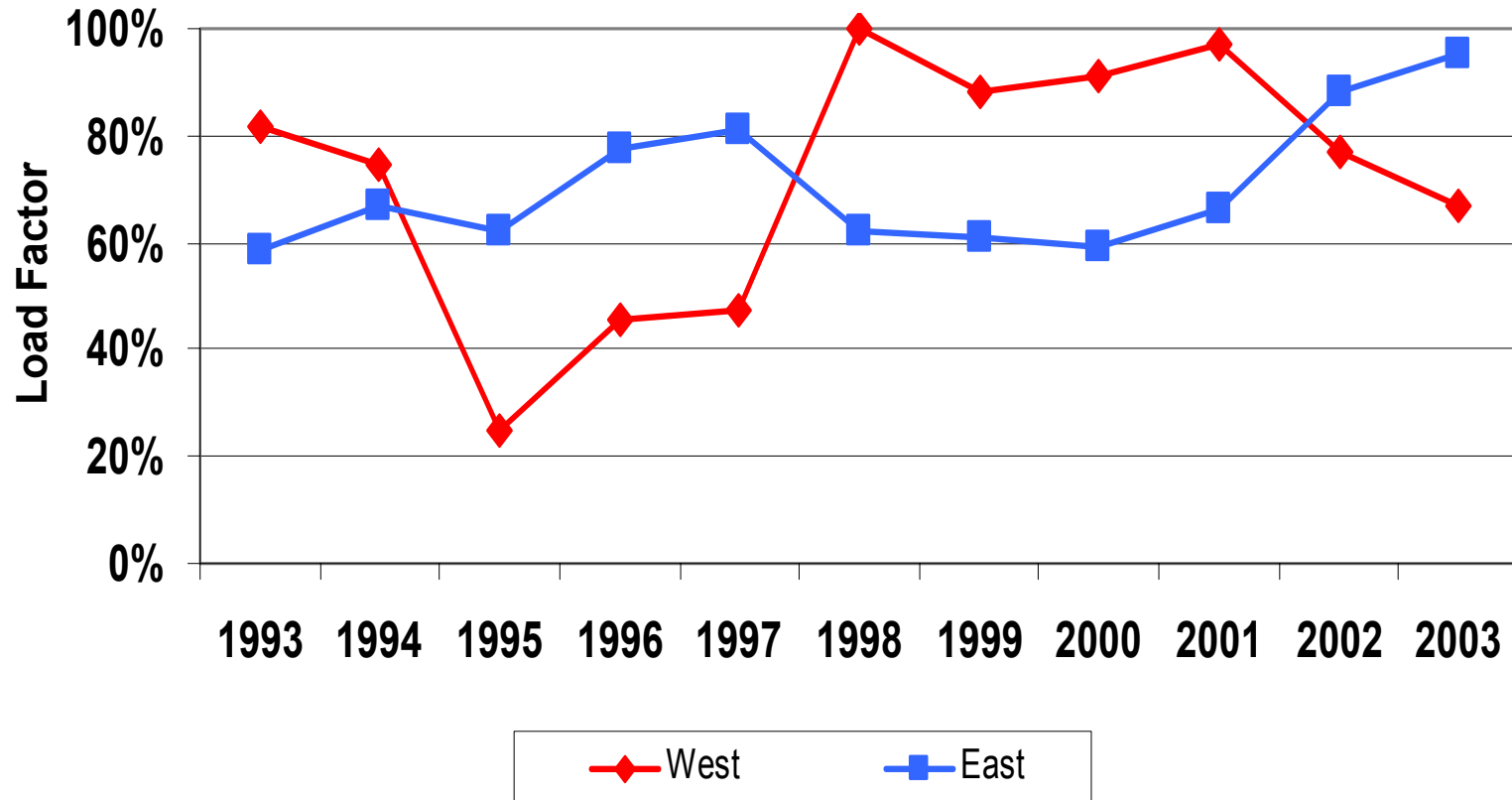
2003 (P) Gas Supply Regions for California



2013 (P) Gas Supply Regions for California



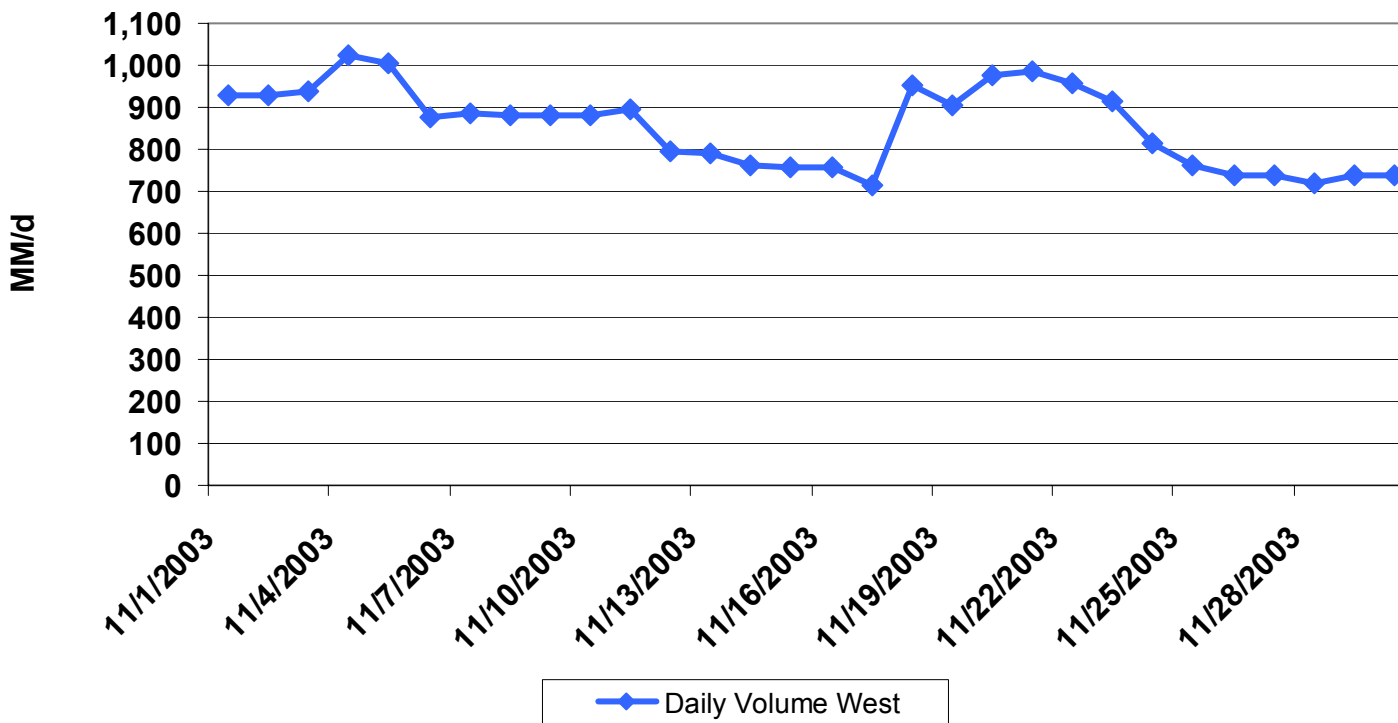
## Delivery Markets Are Cyclical



# TW West Capacity Utilization

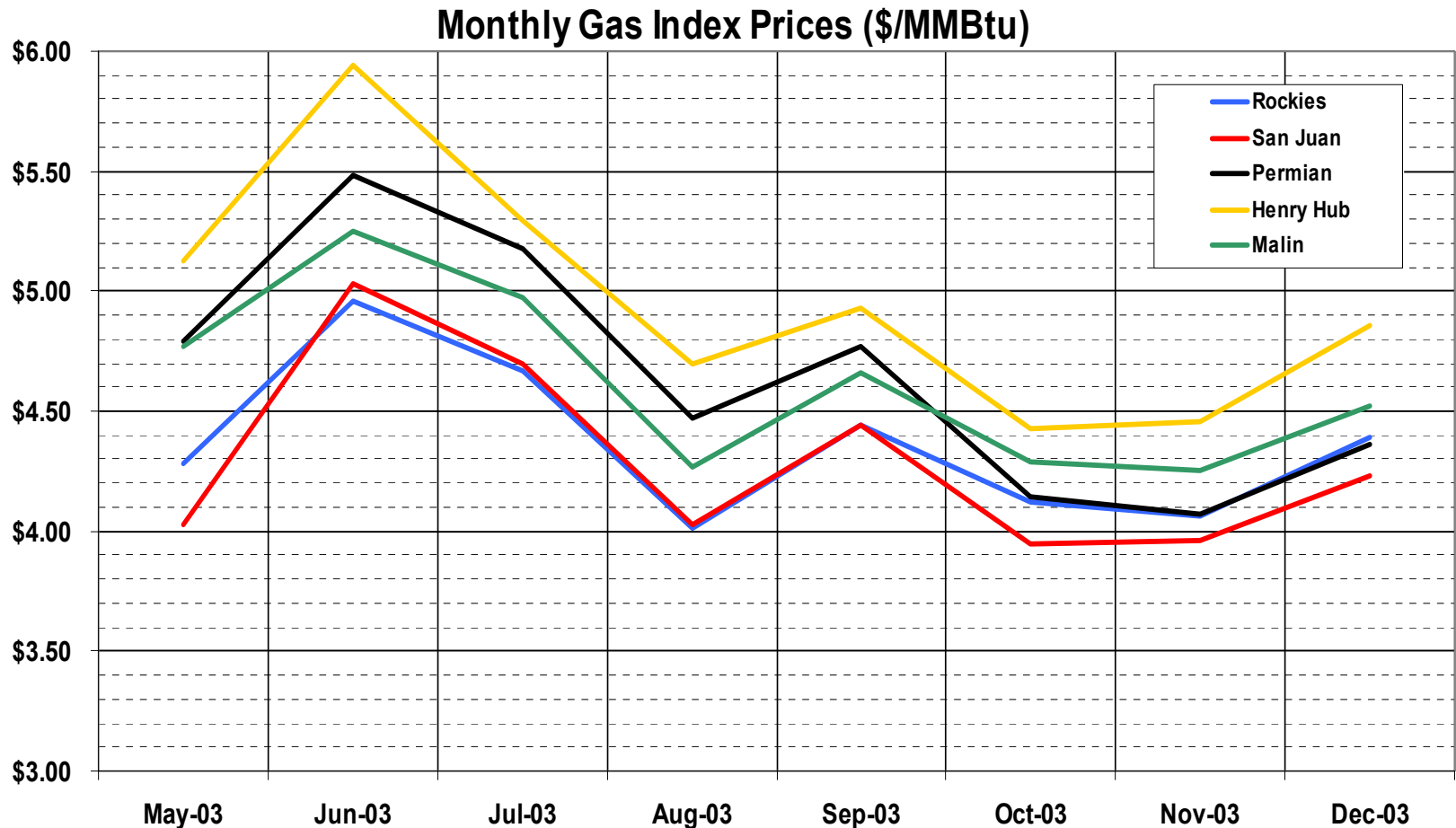
- 2003 Volumes Scheduled West
  - High 1,023,789
- Average Day
  - 820,000/d (last 24 months)
  - 840,000/d (6/2003-11/2003)
- Needles Scheduled Deliveries
  - 65 days above 800,000/d (last 35 months)
- Daily Volume Swings
  - 95 days with volume swings +/- 50,000 (last 24 months)
  - 32 days with volume swings +/- 100,000 (last 24 months)

# Scheduled Volumes West November, 2003



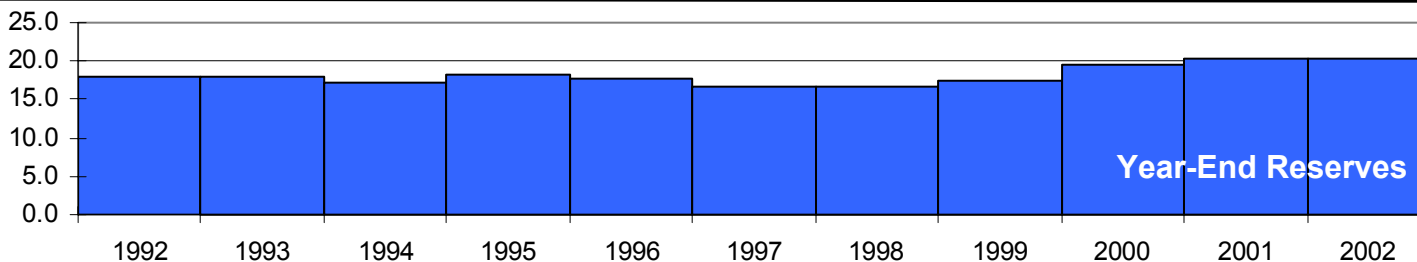
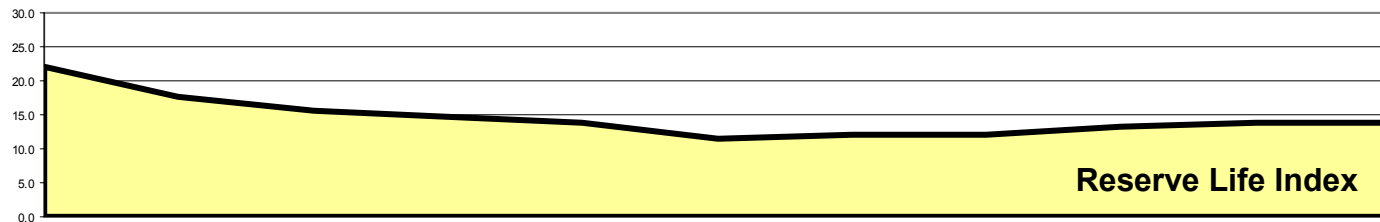
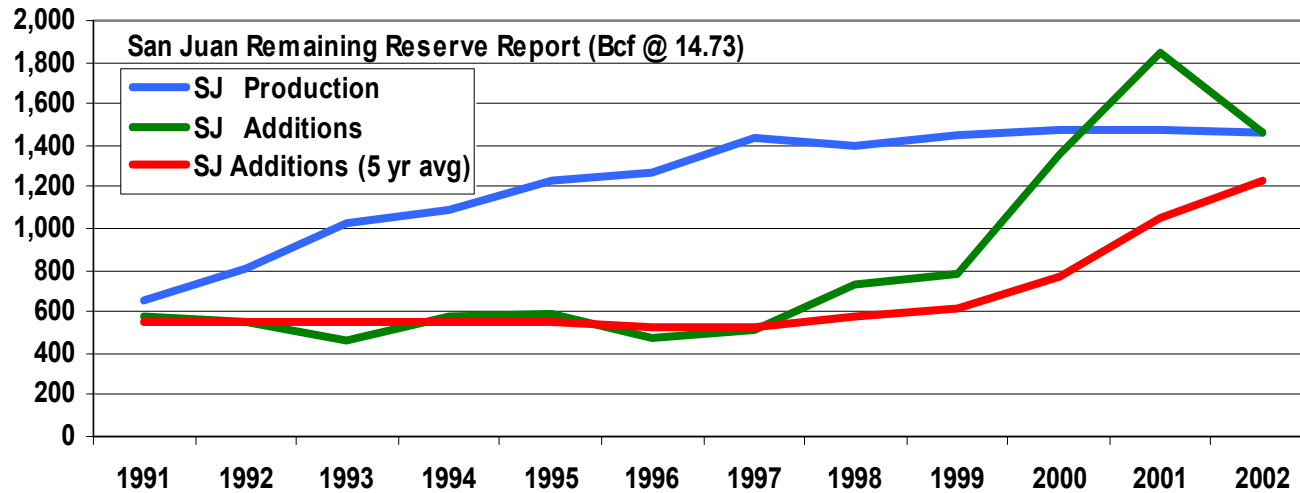


# San Juan Supplies – Economically Attractive

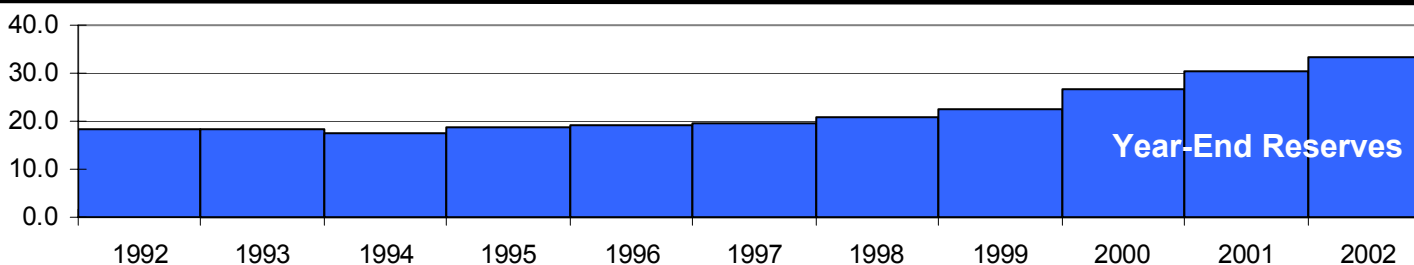
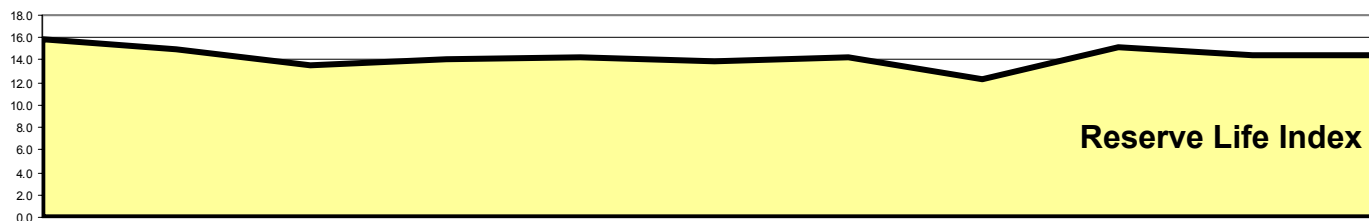


Note: "Rockies" = Inside FERC Northwest Pipeline Rocky Mountain First of Month Index (FOM Index), "San Juan" = Inside FERC San Juan FOM Index, "Permian" = Inside FERC Permian FOM Index, "Henry Hub" = Settlement Price on Last Day of trading for that month's NYMEX futures contract, "Malin" = Natural Gas Intelligence Malin FOM Index

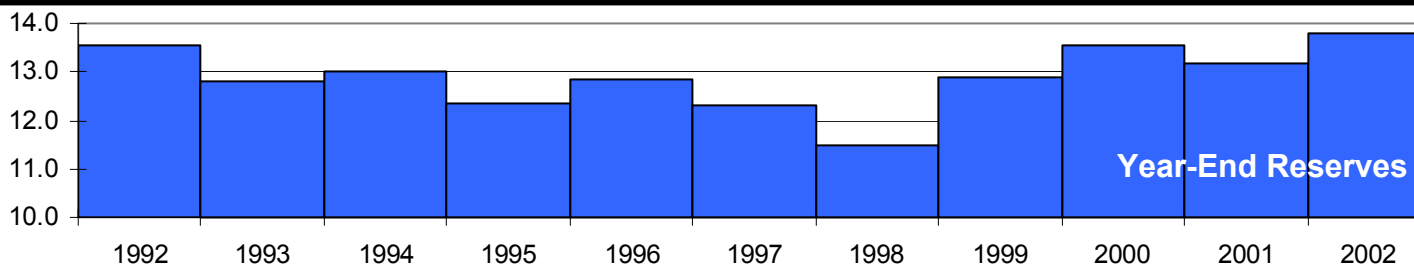
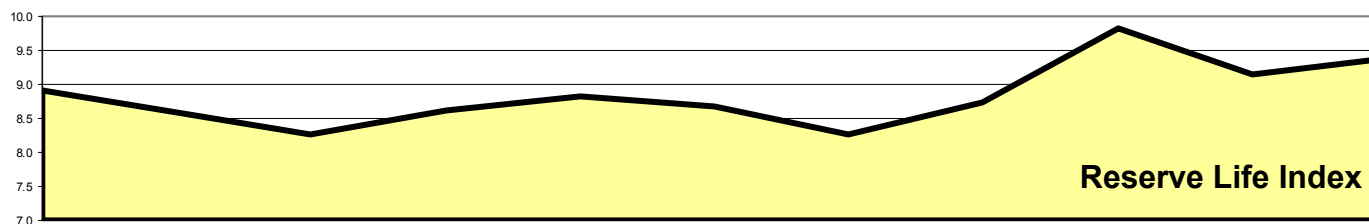
# San Juan Reserves



## Rockies Reserves

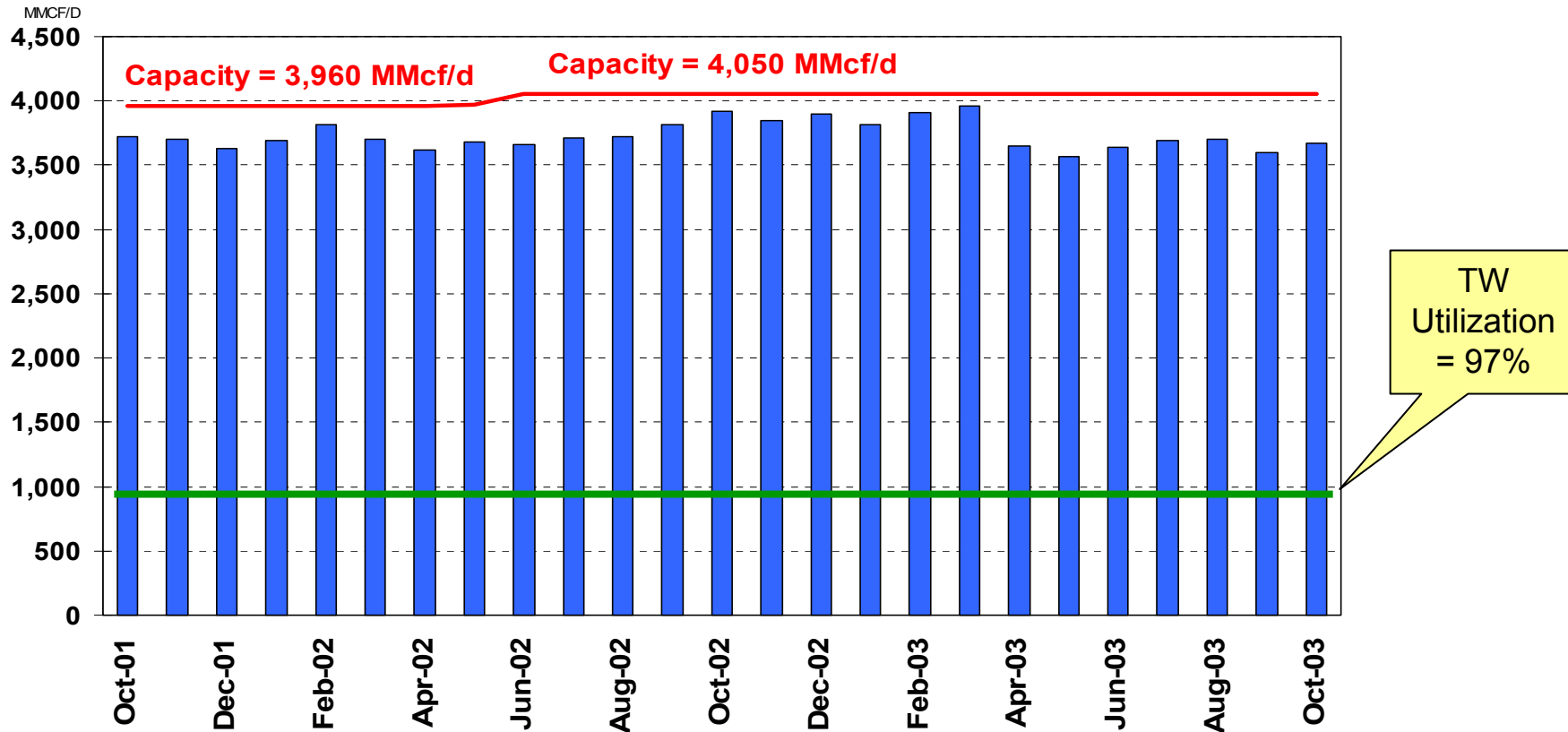


## Permian Reserves



# San Juan Utilization

## TOTAL REGIONAL EXPORT CAPACITY



# Expansions

- Supply Projects: San Juan Lateral

- Modify existing compressors & 36-inch diameter loop line to increase Blanco to Thoreau (Mainline) capacity by up to 600 MM/d
- Final size depends on access to Rockies supply
- Project in-service June, 2005

- Delivery Projects: Phoenix Lateral

- 170 miles of 36-inch line, no compression
- Capacity 400 - 500 MM/d, expandable to 1.2 Bcf/d
- No incremental fuel costs
- 18 months to construct (including FERC filing and approval)

## **Conclusions**

- Installed capacity offers customers economic optionality
- Transwestern will invest in tailored expansions to add new supply & market access